

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 CIAE-00 DODE-00 PM-04 H-02 INR-07

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E.O. 11652: N/A
TAGS: JA VN EAID ETRD EFIN
SUBJECT: JAPANESE-VIETNAMESE ECONOMIC RELATIONS

REF: TOKYO 13178

1. SUMMARY. SINGLE MID-SEPTEMBER WEEK ENCOMPASSED RETURN MITSUI BANK DIRECTOR FROM SOCIALIST REPUBLIC OF VIETNAM (SRV) AND DEPARTURE JAPANESE TRADE MISSION FOR VIETNAM AS WELL AS SIGNATURE OF AGREEMENT WHICH FIXES TERMS FINAL GOJ GRANT TO SRV IN LIEU OF WORLD WAR II REPARATIONS. FONOFF OFFICIAL MINIMIZED SIGNIFICANCE OF VISITS, POINTING OUT THAT SRV LACK OF FOREX RESERVES SEVERELY RESTRICTS VIETNAMESE MARKET FOR FOREIGN TRADERS. END SUMMARY.

2. EVENTFUL WEEK IN JAPANESE-VIETNAMESE ECONOMIC RELATIONS BEGAN SEPT 10 WITH RETURN MITSUI BANK MANAGING DIRECTOR KANEKO FROM VIETNAM VISIT. ON SEPT 14 IN TOKYO, REPRESENTATIVES OF GOJ AND SRV SIGNED AGREEMENT WHEREBY GOJ WILL GRANT SRV FIVE BILLION YEN (DOLS 17,500,000) TO COVER PURCHASE OF EQUIPMENT AND MATERIALS IN JAPAN FOR CEMENT PLANT TO BE BUILT IN HAIPHONG AREA. FOLLOWING ON EARLIER EIGHT BILLION FIVE HUNDRED MILLION YEN (DOLS 29,750,000) GIVEN FOR PURCHASE TRUCKS AND MEDICAL SUPPLIES, THIS COMPLETES GOJ GRANTS IN AID
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WHICH REPLACE WORLD WAR II REPARATIONS TO RSV. ON

SEPTEMBER 16 A MISSION OF THE JAPAN-VIETNAM TRADE ASSOCIATION, A GROUP OF JAPANESE FIRMS LONG ASSOCIATED WITH NORTH VIETNAM TRADE, LEFT TOKYO FOR TWO-WEEK STAY IN VIETNAM.

3. FONOFF OFFICIAL (TSUKADA, FIRST SOUTHEAST ASIA DEPUTY DIVISION CHIEF), DOWNPLAYED SIGNIFICANCE THESE EVENTS. HE NOTED THAT GRANT AGREEMENT HAD BEEN IN WORKS MANY MONTHS. REGARDING KANEKO VISIT, TSUKADA COMMENTED THAT MITSUI, WHICH AMONG JAPANESE BANKS OCCUPIES FAVORED POSITION IN RSV, WANTS TO MAINTAIN THIS ADVANTAGE. AS FOR JAPAN-VIETNAM TRADE ASSOCIATION, HE DOUBTS THAT VISIT WILL PRODUCE FOR MISSION MEMBERS ANY LARGE SALES SUCH AS PLANTS FOR RSV RECONSTRUCTION PLAN. EXPORTS ON THIS SCALE ORDINARILY REQUIRE GOVERNMENT HELP WITH FINANCING AND EXPORT-IMPORT BANK WILL NOT PARTICIPATE IF, AS IN CASE OF VIETNAM, DATA NOT AVAILABLE TO SHOW ADEQUACY FOREIGN EXCHANGE AND BALANCE OF PAYMENT POSITION. INDEED, TSUKADA ADDED, DURING MARCH 1976 TOKYO PREPARATORY MEETINGS FOR DEP FONMIN ARITA VISIT TO VIETNAM, RSV REPRESENTATIVES FRANKLY SAID HANOI HAS NO FOREIGN EXCHANGE RESERVES. THIS CIRCUMSTANCE DID NOT STOP GOVERNMENT FUNDED JAPAN INTERNATIONAL COOPERATION AGENCY FROM DISPATCHING SPECIALIST TO VIETNAM IN JULY TO SURVEY AREA WHICH RSV WANTS TO USE FOR CORN PLANTATIONS, BUT NOTHING SO FAR HAS EMERGED FROM SURVEY AND IN PARTICULAR FINANCING HAS YET TO BE SERIOUSLY CONSIDERED.

4. TSUKADA OPINED THAT PRIMARY AIM TRADE MISSION MEMBERS IS TO MAINTAIN THEIR FIRMS' "FRIENDLY" STATUS IN EYES HANOI FOR SAKE FUTURE VN MARKET. HE NOTED ALSO THAT VISIT SCHEDULE WAS FIRM LONG BEFORE DATE WAS SET FOR SIGNING OF GRANT AGREEMENT AND THAT THE TWO EVENTS THUS ARE NOT "DIRECTLY CONNECTED" ALTHOUGH LATTER OBVIOUSLY PROVIDES FAVORABLE ATMOSPHERE FOR FORMER.

5. COMMENT: SRV'S ACCESSION TO IMF, WHICH TSUKADA DID NOT MENTION, MIGHT HAVE SOME POSITIVE EFFECT ON ITS INTERNATIONAL CREDIT STANDING.
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